

Message Text

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PAGE 01 YAOUND 05101 231054Z

ACTION AF-04

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E.O. 11652: GDS

TAGS: PFOR

SUBJ: PRESIDENTIAL ENERGY MESSAGE

REF: STATE 267958

1. SECRETAIRE GENERAL ADJOINT BOUBA BELLO HAD BEEN INFORMED THAT I WANTED TO SEE HIM ON NOVEMBER 8 WITH REGARD TO OIL PRICES IN CONNECTION WITH THE DECEMBER MEETING OF OPEC. I DESCRIBED OUR REASONS FOR WISHING TO HOLD THE LONE ON OIL PRICES, CALLING ATTENTION TO THE DISRUPTION OF THE ECONOMIES OF INDUSTRIALIZED COUNTRIES WHICH HAD RESULTED IN LOWER LEVELS OF AID, INCREASING RESTRICTIONS ON TRADE, AND SOFTER WORLD PRICES FOR RAW MATERIALS PRODUCED BY LDCS. I MENTIONED THE HIGHER COSTS TO LDCS AND THE MOUNTING BURDENS OF DEBT WHICH GREATLY REDUCED THE AMOUNT OF DEVELOPMENT WHICH COULD BE FINANCED BY RESOURCES AT THEIR DISPOSAL. ALTHOUGH CAMEROON WOULD ONE DAY PRESUMABLY BE AN OIL-PRODUCING NATION, IT HAS MUCH TO GAIN BY KEEPING DOWN DEVELOPMENT COSTS; I POINTED OUT THAT IN THE TIME FRAME BETWEEN NOW AND THE END OF 1978 IT WAS IN CAMEROON'S IMMEDIATE INTEREST TO HAVE LESS INFLATION AND MORE STABILITY IN ECONOMIC
CONFIDENTIAL

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PAGE 02 YAOUND 05101 231054Z

ARRANGEMENTS.

2. THE SGA ASKED IF I HAD INSTRUCTIONS FROM MY GOVERNMENT TO MAKE A DEMARCHE. I REPLIED THAT I HAD. HE SPOKE BRIEFLY OF HIS GOVERNMENT'S INCLINATION TO WANT STABILITY AND TO DEVELOP AN AGRICULTURAL ECONOMY WHICH WOULD NOT BE DEPENDENT UPON THE COMMERCIAL EXPLOITATION OF OIL. HE REMINDED ME OF THE LOW PROFILE

GURC OFFICIALS HAD GIVEN TO THE PRODUCTION OF OIL AND NOTED THAT IT WOULD BE YEARS BEFORE OIL WOULD BE AN IMPORTANT ASPECT OF THE ECONOMY. I SUGGESTED THAT IT WAS VITALLY IMPORTANT FOR OPEC TO GET THE MESSAGE THAT IT WAS NOT JUST THE INDUSTRIALIZED COUNTRIES WHICH WERE OBJECTING TO THEIR POLICY OF RAISING PRICES. MOREOVER, IF THE LDCS WHO HAVE SUPPORTED THEM WITH THEIR VOTES IN INTERNATIONAL FORA DID NOT SPEAK UP, THEY WOULD BY THEIR SILENCE ACQUIESCE IN A POLICY WHICH IS CLEARLY DESTRUCTIVE OF THEIR DEVELOPMENT OBJECTIVES. I RECALLED THE VOTE IN THE SECURITY COUNCIL ON SOUTH AFRICA, WHICH REPRESENTED A BROAD INTERNATIONAL POINT OF VIEW, AND POINTED OUT THE ADVANTAGES OF AN EQUALLY CLEAR MESSAGE TO OPEC.

3. THE SGA ASKED WHETHER THE OIL COMPANIES WOULD PERMIT PRESIDENT CARTER TO WORK FOR STABILIZATION OF PRICES. I DESCRIBED THE POWER OF POPULAR OPINION IN THE UNITED STATES WHICH IS CLEARLY IN FAVOR OF PRICE STABILITY, AND INDICATED THAT THE POPULAR OPINION HAD BEEN REFLECTED IN THE COLLINS RESOLUTION IN CONGRESS AND IN THE AMERICAN REEACTION REGARDING SOUTH AFRICA. I SAID FURTHER THAT THE POSTPONEMENT OF THE PRESIDENT'S VISIT TO AFRICA REFLECTED HIS JUDGEMENT THAT THIS WAS A TOP PRIORITY WHICH COULD NOT BE LEFT UNTENDED IN HIS ABSENCE.

4. THE SGA ASKED WHAT STEPS THE AMERICAN GOVERNMENT HAS TAKEN. I INDICATED THAT WE WERE UNDERTAKING BILATERAL AND MULTILATERAL NEGOTIATIONS TO BRING ABOUT THE STRONGEST POSSIBLE PRESSURE FOR CONFIDENTIAL

CONFIDENTIAL

PAGE 03 YAOUND 05101 231054Z

PRICE STABILIZATION.

5. WHAT RESULTS HAVE WE HAD FROM THE OPEC COUNTRIES, HE WANTED TO KNOW. I NOTED THAT PRESIDENT OBASANJO OF NIGERIA HAD RECENTLY BEEN IN WASHINGTON AND REPORTED THAT NIGERIA IS CONSIDERING PRICE STABILIZATION, WE HOPE FAVORABLE, BUT THAT THE COUNTRIES ARE GENERALLY WAITING TO SEE WHAT OTHERS ARE DOING AND SAYING BEFORE COMMITTING THEMSELVES IRREVOCABLY. SAUDI ARABIA, WE AGREED, TENDS TO TAKE THE LONG VIEW, BUT QUITE LOGICALLY WISHES TO HAVE THE BROAD SUPPORT OF OTHER COUNTRIES RATHER THAN BEING EXPECTED TO STAND ALONE IN OPPOSITION TO THOSE WHO WOULD RAISE PRICES. IN RESPONSE TO HIS QUESTION AS TO WHAT POSITION NORTH AFRICA IS TAKING, I INDICATED THAT LIBYA WAS NOT PRECISELY ACCESSIBLE TO US AND THAT WE COULD NOT SAY WITH CERTAINTY UNDER PRESENT CIRCUMSTANCES HOW LIBYA AND ALGERIA MIGHT REACT.

6. THE SGA SUGGESTED THAT HE WOULD LIKE A WRITTEN STATEMENT OF OUR POSITION AND THE REASONS THEREFOR, AND PROMISED TO GET US A RESPONSE FROM HIS GOVERNMENT AS SOON AS POSSIBLE AFTER THE RECEIPT OF THAT DOCUMENT. HE WILL BE AWAY UNTIL SUNDAY, NOVEMBER 13, BUT IN HIS ABSENCE WE ARE TO SUBMIT IT TO SAMUEL EBOUA,

SECRETARY GENERAL OF THE PRESIDENCE.

7. I LEFT WITH THE FEELING THAT THERE WOULD AT LEAST BE A HEARING AT THE HIGHEST LEVELS. WE ARE PREPARING A STATEMENT WHICH WILL SUMMARIZE THE MAJOR ARGUMENTS AND CALL ATTENTION TO SPECIFIC WAYS IN WHICH CAMEROON HAS BEEN HURT BY INFLATION, THE REDUCTION IN COCOA PRICES, ETC. (THE PLANS FOR THE TRANSCAM RAILWAY HAVE HAD TO BE REDUCED CONSIDERABLY AS COSTS HAVE RISEN, AND CAMEROON'S EFFORT TO SHORE UP ITS SERIOUSLY DEFICIENT INFRASTRUCTURE IS FALTERING AS A RESULT.)
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